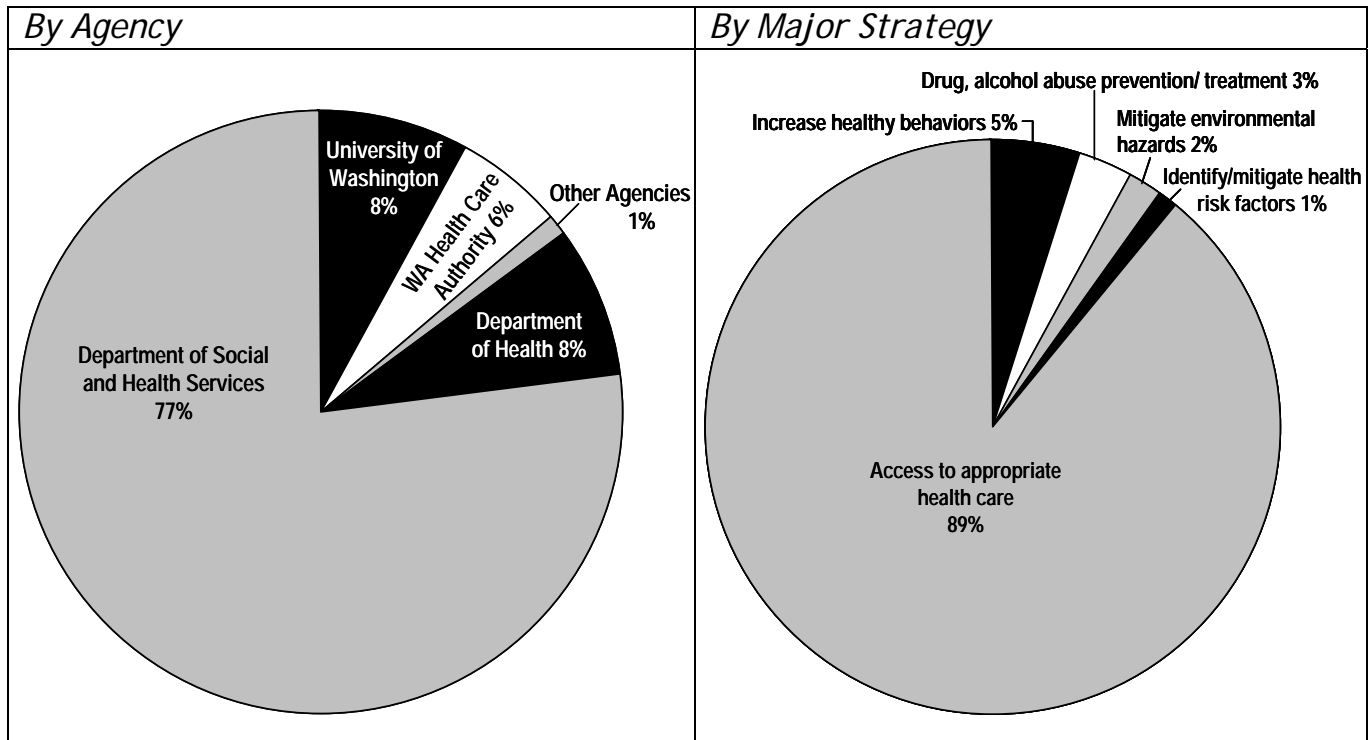


# GMAP Fiscal Report

## Health

Biennial Operating Budget = \$10.6 billion All Funds  
\$3.4 billion GFS

(Fund Sources: federal, dedicated funds, 32% GFS)



### Current Fiscal Status (Major Agencies)

July - February 2006 Expenditures

Dollars in Thousands

Please note: estimates-to-date do not yet reflect 2006 Supplemental Budget changes				
	Estimates-to-date	Actuals-to-date	Current Variance under/(over)	Prior Report
Department of Social and Health Services	5,632,850	5,547,496	1.5%	(2.1)%
Department of Health	284,846	244,420	→ 14.2	15.0
Health Care Authority	198,027	191,313	3.4%	2.4%
				NA

# GMAP Fiscal Report

## Health

### Current Fiscal Status (Selected Program Detail)

July - February 2006 Expenditures

Dollars in Thousands

<b>Please note: estimates-to-date do not yet reflect 2006 Supplemental Budget changes</b>	Estimates-to-date	Actuals-to-date	% Variance under/(over)	Prior Report
<b>Department of Social and Health Services—Medical Assistance Program</b>				
Total Direct Program				
	\$2,383,050	\$2,356,215	1.1%	NA
Total Administration				
FTE Staff	1,088.6	1,019.4	6.4%	NA
	135,455	104,735	→22.7%	NA
Source of Funds				
General Fund-State	987,445	1,027,860	(4.1)%	NA
General Fund-Federal	1,322,660	1,275,627	3.6%	NA
General Fund-Private/Local	667	229	65.7%	NA
Health Services Account	202,737	152,183	24.9%	NA
Trauma Care System Account	4,996	5,050	(1.1)%	NA
Program Total	2,518,505	2,460,950	2.3%	NA
<b>Department of Health</b>				
Epidemiology, Health Statistics, and Public Health Laboratories				
FTE Staff	236.8	222.0	6.3%	NA
	25,155	22,666	9.9%	NA
Environmental Health				
FTE Staff	284.9	281.7	1.1%	NA
	19,971	17,170	→14.0%	NA
Health Systems Quality Assurance				
FTE Staff	375.6	364.2	3.0%	NA
	37,607	32,356	→14.0%	NA
Community and Family Health				
FTE Staff	292.7	282.8	3.4%	NA
	189,305	163,168	→13.8%	NA
Administration				
FTE Staff	174.8	184.2	(5.4)%	NA
	12,478	8,726	→30.1%	NA
State Board of Health				
FTE Staff	5.6	5.3	5.4%	NA
	329	333	(1.3)%	NA
Agency Total	284,846	244,420	→14.2	15.0

# GMAP Fiscal Report

## Health

Health Care Authority				
Program Support				
FTE Staff	75.1	72.8	3.1%	NA
	9,297	5,726	→38.4%	NA
Basic Health Plan Administration				
FTE Staff	111.7	99.2	11.2%	NA
	5,200	4,508	→13.3%	NA
Community Health Services				
FTE Staff	4.1	4.0	.1%	NA
	6,484	6,207	4.2%	NA
PEBB Administration				
FTE Staff	42.9	37.4	12.8%	NA
	6,300	5,861	7.0%	NA
Uniform Medical Plan				
FTE Staff	25.5	21.7	14.9%	NA
	12,635	12,572	.5%	NA
Health Care Policy				
FTE Staff	9.6	9.0	6.3%	NA
	1,069	804	→24.7%	NA
Basic Health Plan Benefits				
	155,696	154,814	.6%	
WSHIP Premium Discounts				
	171	126	26.4%	
Prescription Drug Program				
FTE Staff	4.2	3.6	14.3%	NA
	1,176	695	→40.9%	NA
Agency Total	198,027	191,313	3.4%	2.4%

**Key Fiscal Issues**

**Department of Social and Health Services—Medical Assistance Program**

**2006 Supplemental Budget**

Overall, the Medical Assistance Program's General Fund-State funding is reduced by 2.1 percent in the supplemental budget. Other Funds (federal, Health Services Account, and the Trauma Care System Account) have a net change of only 1/10<sup>th</sup> of a percent.

- (\$119) million General Fund-State for adjustments to caseload, utilization, and Part D Clawback funding.
- \$19.7 million General Fund-State for the Certified Public Expenditure program, to cover rising costs not covered by the federal government for participating hospitals.
- \$10.7 million General Fund-State 8 FTEs to increase the number of children in the Children's Health Program.
- \$18 million General Fund-State was provided to pay the Medicare Part D drug co-pay on behalf of low-income elderly and disabled clients.
- Additional GF-State and Other Funds funding net to a small additional amount across a number of funding items.

**Expenditure Trends**

Direct program expenditures are running only 1 percent under estimates at this time, so are very close. There is an upward trend in the hospital in-patient expenditures due to neonates (e.g. low birth weights) cases. Administrative expenditures are nearly 23 percent below estimates. This under-expenditure is because of delays in billings for charges from other agencies and local governments. DSHS-Medical Assistance is the state's Medicaid agency and draws the federal match on behalf of these other entities. As a result, General Fund-Federal dollars are underspent to-date.

**Agency Action Plan**

The administration is analyzing the neonates expenditures mentioned above, to determine the causes for this trend, which will help in the development of an appropriate action plan. Additionally, the Office of Inspector General (OIG) is performing their audit of the Alien Emergency Medical (AEM) program for expenditures that qualify for federal match. The report is expected by December 2006.

**Department of Health**

**2006 Supplemental Budget**

The Department of Health's General Fund-State funding is increased by 4.2 percent in the supplemental budget. The various Other Funds used by DOH increase overall by 4.1 percent.

- \$2 million General Fund-State and \$7 million Federal is provided for Pandemic Flu Preparedness.
- \$1.4 million General Fund-State is provided to increase the number of low-income women who are screened for breast and cervical.
- \$1.1 million General Fund-State replaces fees from hospital revenues to fund the Comprehensive Hospital Accounting and Reporting System.
- \$18 million General Fund-State was provided to pay the Medicare Part D drug co-pay on behalf of low-income elderly and disabled clients.

## **Health**

- Additional GF-State and Other Funds funding net to a small additional amount across a number of funding items.

### **Expenditure Trends**

At the agency level, expenditures are more than 14 percent below estimates. Large percentage under-expenditures are found in Environmental Health (14 percent underspent), Health Systems Quality Assurance (HSQA) (14 percent underspent), Community and Family Health (13.8 percent underspent), and Administration (30 percent underspent). The under expenditures in all programs are primarily caused by to contract billing delays. A small part of the under spending in HSQA relates to hiring and staff retention challenges, which will be discussed further in the next GMAP Forum. The majority of the agency's move-related costs reflected in Administration are now expected in June rather than earlier in the year, as was assumed in the estimates.

### **Agency Action Plan**

No further action is needed at this time.

## **Health Care Authority**

### **2006 Supplemental Budget**

Health Care Authority's budget (Other Funds) was increased by 3.3 percent in the 2006 supplemental budget.

- \$15 million Health Services Account and Basic Health Plan Trust Account and 3 FTEs are provided to enroll an additional 6,500 people in the Basic Health Plan.
- \$2 million Health Services Account is provided for a 26 percent increase to grants to community clinics that provide free and reduced-cost medical care to low-income clients.
- \$1.5 million Other Funds to increase access to affordable health care for low-income working families.
- \$1.2 million Other Funds and 2 FTEs are provided to study evidence-based purchasing methods and make recommendations to the state's major health care purchasers.
- Additional Other Funds funding net to a small additional amount across a number of funding items.

### **Expenditure Trends**

At the agency level, expenditures are only 3.4 percent below estimates. However, large percentage under-expenditures are found in:

- Program Support—38.4 percent. This under-spending is due almost entirely (99 percent) to delayed acquisition of the Benefits Administration and Insurance Accounting System project.
- Basic Health Plan Administration—13.3 percent. This under-spending is caused primarily by unanticipated vacancies, and by estimates for contracts and goods and services being programmed earlier in the year than spending is actually taking place.
- Health Care Policy—24.7 percent. This under-spending is due to vacancy savings and a \$100,000 dues payment allotted in the wrong month.

## Health

- Prescription Drug Program—40.9 percent. This under-spending reflects the reduced expansion of the Preferred Drug List (PDL). The excess funding was removed in the 2006 Supplemental and will soon be reflected in this program's estimates.

### **Agency Action Plan**

As evidenced by the HCA agency level variance of only 3.4 percent, the 2006 fiscal year allotments are fairly accurate at the aggregate but need refinement across the HCA's programs. The HCA has been unable to make these adjustments because a large (\$3.5 million) fund swap was included in the Supplemental.

In addition, the HCA is currently planning an extensive recast of the 2007 fiscal year allotments where the agency leadership will make decisions regarding appropriate use of biennium-to-date under-expenditures. The majority of the HCA appropriation authority is not by fiscal year; thus, 2006 variance can be carried into the second fiscal year.